THE Freeman

IDEAS ON LIBERTY

OCTOBER 1967

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THE FREEMAN

OCTOBER 1967

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THE Freeman

OCTOBER 1967 Vol. 17, No. 10

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PAUL L. POIROT

THE RESULTS, after more than 30 years of Federal "war on poverty" in America, suggest that the campaign has failed. "Instead of temporary aid, relief has become a permanent way of life for millions. Second and third generations of families now live on relief."[1] Nor is it that the millions in this new class of poverty-striken are simply destitute of the material manifestations of private property. Far worse; many have lost their self-respect and the respect of their fellow men; they have lost their human dignity. What can these persons claim as their own?

Respect for the dignity of an individual presumes him to be responsible for the development and use of his faculties, his qualities, his properties. The personal freedom of choice that is liberty depends upon self-control and possession or ownership in the form of private property. And consistent with this concept of human dignity and private property is the right of the individual to make his own mistakes, if he so chooses, and to abide by the consequences – to know the penalties of improper choice and action as well as the fruits of success.

"Property is desirable, is a positive good in the world," said Abraham Lincoln. "That some should be rich shows that others may become rich and hence is just encouragement to industry and en-

[1] *U. S. News & World Report*, July 17, 1967, p. 44.

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terprise. Let not him who is houseless pull down the house of another, but let him work diligently to build one for himself, thus by example assuring that his own shall be safe from violence."

Lincoln understood that poverty is not to be overcome by warlike or compulsory measures, but by peaceful example. Not by pulling down the house of another, not by destroying another's life or character or estate, but by each man working diligently to build one for himself.

A property owner, of course, might be able to live upon his own resources. But few of us nowadays would be content with such a subsistence level of living. We have grown accustomed to the advantages of specialized production and peaceful exchange of goods and services. Such voluntary exchange also depends on private property. Every trader is a property owner and his own man. Something to offer is his ticket of admission to the market -- his purchasing power.

For Property Owners Only

This requirement for trade gives rise to a common complaint about the so-called tyranny of the market economy: that it tends to be exclusive -- for property owners only. The fact that a buyer's purchasing power depends upon what he has to offer is said to be undemocratic and unfair; it doesn't afford everyone everything he wants. Some even argue that "property is theft," in the belief that any accumulations of private property must have impoverished other people.

Such beliefs might have been justified under various conditions of the past -- might be justified in some parts of the world today. A slave owner, for example, acquires and holds his slaves by force, and thus impoverishes them. Tribal wars for territory or other property leave the losers poorer to the extent of the victors' spoils. But in a trading society as we know it, property required for production and marketing can only be accumulated and retained by an owner insofar as he uses it as consumers want him to. Otherwise, he's out of business.

The complaint that not everyone can have everything he wants should be leveled, not against the market and the private ownership of property, but against the nature of things. The real world is characterized by unlimited human wants and limited means, not the other way round. Any realistic social system must consider not only the boundless appetites of consumers but also the conservation and efficient use of scarce resources.

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Competition for property is the great moderator or regulator of temptations to abuse the privileges of private ownership.

Ours is not a world that affords abundance for consumption without productive effort or other thought for the source of supply. This is why it is important to understand the basic principles and practices of private ownership and control of scarce resources. These are essential features of any peaceful society.

Regulated by Competition

To say that a prosperous market economy depends upon respect for private property is the truth but not the whole truth. Private ownership and control, of itself, does not assure the most efficient use of scarce resources in service to others. That assurance comes as a result of competition. This is not to say that competitors are solely interested in pleasing customers. But catering to the wishes of customers is the surest and easiest way to have and to hold valuable, scarce items. The fact that two or more businessmen bid for possession and use of the same resource is the consumer's guarantee that it will be used efficiently to serve him. Consumers pay handsomely for efficient service and thus determine who, among various competitors, is to own and control the means of production.

Competition for property is the great moderator or regulator of temptations to abuse the privileges of private ownership. Competition, of course, cannot force anyone to buy or sell at a price unacceptable to him. But competitors can make trading difficult for those who expect something for nothing. Competition is truly the life of trade – a powerful, peaceful influence for honest and efficient service by those who hope to own and control the use of property.

Nor is the moderating force of competition confined to the supplier side of the exchange process. Consumers also compete against one another for available supplies. The resultant level of market prices tempers appetites, rations scarce items, requires responsible performance by those who are to receive goods and services in exchange for their own. The market will no more serve consumers who demand something for nothing than it will tolerate the false ad-

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vertising of fraudulent suppliers. So, competition is a form of peaceful "policing" of the market. It tends to keep buyers and sellers honest in their trading and efficient in their use of ever-scarce resources.

Voluntary or Compulsory

Let it be clear that our discussion thus far pertains to the so-called "private sector" of the economy – the production, the saving and investment, the trading of goods and services, and the personal consumption practices that result from voluntary choices of buyers and sellers in open competition. And it bears repeating that the "private sector" market is a voluntary association of property owners for the purpose of trading to their mutual advantage. Admittance to the market is gained by having something to offer. True, such offerings constitute the means for the satisfaction of the wants of consumers. But the expressed wants of consumers do not necessarily constitute a market situation. A combination of consumers to satisfy their wants could very well be a den of thieves.

When the power of government is invoked to plunder property, in the name of war on poverty, any receiver of such loot must recognize that he possesses it at his own risk. The "human right" to plunder is a denial of the right to own and control property. It simply proclaims that might makes right; and that's a rough game for the meek and weak. That is precisely how thieves operate: non-owners deciding how an owner may or may not use his property.

The more we observe and become involved in the government war on poverty, the clearer comes the message: *War against poverty is war against property, and war against property is war against the poor.*

Monetary Misunderstanding

Much of the confusion about all this may be traced to the love of money, under the illusion that money as such is wealth. True, at a given moment, a quantity of money given to a poor person will enable him to buy goods and services otherwise beyond his reach. But his level of living depends upon the goods and services rather than the money. And redistributing the money supply does nothing as such to increase the total available supply of goods and services. It simply transfers buying power from one person to another. Such transfer, however, has important consequences.

Who buys *what* affects price and consumption and saving and production patterns throughout the economy. When money is taxed

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Taxing the fruits of saving and productive effort discourages thrift and work. Subsidizing idleness increases it.

from one person and given to another, to equalize wealth, there is the strong probability that goods and services will be diverted from productive use to immediate consumption. Taxing the fruits of saving and productive effort discourages thrift and work. Subsidizing idleness increases it. This is the reason why compulsory socialism has failed to relieve poverty when and wherever it has been tried. It redistributes the money supply, but with consequences that waste resources and lives and lead relentlessly toward famine.

The formula, "from each according to his ability and to each according to his need," simply empties the breadbasket faster than it can be filled. Within our lifetimes we have seen this happening in Russia, Red China, India, Cuba, and other nations willing to accept every gift the free world has offered—but not willing to practice freedom. And perhaps the most dramatic of all examples was afforded by the history of the Plymouth Colony in the New World. The first years of communal effort, pooling the harvest and sharing "according to need," were marked by dissension, dearth, and death. Fortunately, the settlers then tried private ownership of the land and the fruits of each owner's labor; and hunger and famine have been unknown in the land since that change.

Socialism Fails to Arrange for Further Production

The reason why socialism fails to relieve poverty comes clearer if one looks behind the monetary screen. Then it may be seen that material wealth is comprised of hoes and rakes and wheelbarrows, among other things.

Taking from a worker half the tools he needs to do a decent job (or taking them from that worker's employer) and dividing the proceeds among the poor in the form of consumer goods lowers the production potential of such a society. It's a grasshopper's way of high living for the moment and no thought for the morrow. The industrial revolution, that makes for a high level of production and a high level of living for all industrious and thrifty members of society, is contingent upon respect for private property in the hands

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of those who have earned and saved it for a purpose. Owners of tools are in a position to hire others to help them use those tools for productive purposes. As previously discussed, competition obliges the owners of resources to use them efficiently and in a responsible manner.

The public-sector war on property includes various governmental programs of a socialistic nature such as outlined by Marx and Engels in *The Communist Manifesto*. And these may be studied at close range without traveling to Russia or Red China or Cuba. What country today lacks experience with price supports and price ceilings, rent controls, minimum wage and maximum profit laws, rate regulations and other controls over interest, electricity, gas, water, housing, garbage disposal, communications, travel, insurance, banking, and what not? Where in today's world is a person free to assume his own risks against the vicissitudes of old age, illness, illiteracy, illegitimacy, indigence, and unemployment instead of being taxed for everybody else's benefit? What country is free of such protectionist measures as tariffs, quotas, embargoes, and similar restraints of trade? All these are forms of plunder, war on property, class warfare in the Marxian sense.

Helping the Aged

Most of us readily recognize plunder when it takes the form of force applied to a person or to his property by an authoritarian dictator or by some unlicensed crook. But what do we make of a proposition like this from President Johnson's "Message on Older Americans" addressed to Congress last January?

> "We should look upon the growing number of older citizens, not as a problem or a burden for our democracy, but as an opportunity to enrich their lives, and, through them, the lives of all of us."

The President was advocating further expansion of the social security program originally enacted in 1935. After all these years, who could possibly question so worthy a goal as helping ourselves by helping the aged? Yet, compulsory social security is a plundering game, perhaps more harmful in the long run simply because its ultimate impact was so dimly foreseen in the beginning.

The social security tax bill has doubled on the average every six years since the first collections in 1937. It amounted to $20 billion in 1966 and threatens, under new proposals, to double again by 1974. A younger worker, facing the prospect of an annual social security tax of $1,000 or more, sure-

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Urban renewal is a form of the war against property; and the major victims have been the families of the very persons — the poor — in whose interests the program supposedly was initiated.

ly must suspect that this could become "a burden for our democracy." Every taxpayer knows that taxes are a burden.

But is the taxpayer the only victim of the social security plunder game? What of the harm done the recipients of such handouts? Are their lives truly enriched by relieving them of the responsibility and the opportunity to grow out of their own errors and misfortunes? Can a life be enriched, except as it becomes more useful? Just how does a government promise of old age assistance help anyone to help himself?

We know the harmful consequences of paternalism beyond the call of duty within the family. And we also should understand the danger of paternalistic practices on a societal scale. That danger lies in the moral and economic impoverishment of the victims of such intervention.

Urban Renewal

Another campaign front in the general war on poverty has been that of Federal urban renewal. Professor Martin Anderson has admirably documented the failure of that program.[2] More homes were destroyed than have been built under the program; and those destroyed were predominantly low-rent homes while those built were predominantly high-rent homes. Many of the small business firms displaced by urban renewal went out of business, while others relocated in higher-rent and higher-cost areas; very few have ever moved back into the urban renewal area. Most renewal programs decrease the tax revenues flowing into the cities' tax coffers, placing added tax burdens on presumably unaffected properties. And all programs involve the use of the power of eminent domain to take the property of some for redistribution or use by others. So, urban renewal is a form of the war against property; and the major victims have been the families of the very persons — the poor — in whose interests the program supposedly was initiated.

Not all of the various welfare programs of compulsory interven-

[2] Martin Anderson. *The Federal Bulldozer: A Critical Analysis of Urban Renewal, 1949-1962* (Cambridge, Massachusetts: The M.I.T. Press, 1964). 272 pp. See especially his article on page 614 of this issue of THE FREEMAN.

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tion and redistribution have been as clearly cost-accounted and measured in their impact as the Federal urban renewal program has been weighed by Professor Anderson. But there is no reason to expect any other result from any of the other seizures or controls of private property intended to overcome poverty. The noblest of intentions may go unrealized. But the unforeseen and inevitable consequences are quite real.

When government sets the price of bread below the market level, there are two victims: the producer of bread who is driven out of business, and the consumer who is left waiting in line for the bread that was not produced. The victims of rent control are as much the tenants who cannot find housing space as the landlords who cannot supply it at that fixed price. Minimum wage laws injure not only the employers who cannot afford to hire at such wages but also the employees incapable of earning them. The same tariff that bars a producer from the market also bars a consumer. Every consumer subsidy is a tax upon producers, a war against property that injures the poor.

The Key to Jobs

The private ownership of resources by persons most capable of using them productively is the key to job opportunities and more abundant living for the poor. The "lower third" and the "upper third" and the "middle class" have a common interest in protecting the private ownership of property. The jobs and livelihoods and lives of all depend upon it. Any person who hopes to sell his services ought to see that his prospects depend upon property owners. Their right to own and use property, coupled with their ability to manage it well, create job opportunities for others. If a person is not satisfied to be an employee of a property owner, he may turn to self-employment. In that case, he will need to save for tools – become a property owner himself – if he is to succeed.

So, in any case, whether a person be relatively wealthy or relatively poor, it is to his own best interest to respect and uphold the private ownership of property. When a government seizes private property, or otherwise clouds an owner's title in the name of war on poverty, it is the poor of that society who can least afford the costs of such warfare. They will be the first to starve.

Whenever a government exploits taxpayers to the point of serious inflation, which amounts to a heavy tax burden on the poor, riots and insurrection are to be expected.

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Whenever a government exploits taxpayers to the point of serious inflation, which amounts to a heavy tax burden on the poor, riots and insurrection are to be expected.

Riots in History

What is happening in the urban centers of the United States today has happened before, and in strikingly similar fashion, among over-governed and over-taxed people throughout history. Official court historians always have ascribed the inevitable rioting to such handy scapegoats as gouging merchants, greedy landlords, brutal local policemen, slave-owning ancestors, and every other reason except the real one: too much government intervention and too little personal freedom.

This is not to defend the earlier practice of slavery in America and elsewhere or the mistaken and harmful practices of shortsighted marketeers or short-tempered lawmen. Human beings make mistakes; and each such mistake has consequences that ripple through society, often for years. But human progress is not a process of building molehill mistakes of the moment into permanent mountains of misery. Unless we can learn by our errors to do otherwise, we are condemned to keep on repeating them. And our most terrible mistake is to fall upon an earlier evil as the justification for a new one. The horrors of slavery can never be erased by a new reign of arson, looting, murder, and riotous brutality.

The French Revolution: from Inflation to Napoleon

A clearer view of current happenings in Newark, Detroit, and other trouble spots in the United States may be possible if we look back with that scholarly historian, Andrew Dickson White, at the sequence of events during the French Revolution when the United States was a mere babe in arms.[3]

Louis XVI had recklessly spent France to the verge of bankruptcy by 1789, and inflation was to be the "short road to prosperity." Despite abundant warnings from those who recalled the history and disaster of earlier inflationary practices, the members of the French National Assembly voted ever-larger and more frequent issues of irredeemable paper money. But the inflation, as always, ag-

[3] Andrew Dickson White, *Fiat Money Inflation in France* (Irvington-on-Hudson, N. Y., Foundation for Economic Education, Inc.) $1.25 paper; $2.00 cloth.

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gravated the very evils it was proposed to cure.

What began as the confiscation of the property of the Church, the leading landlord of France at that time, became the excuse for more and more printing of worthless "assignats." This growing flood of "purchasing power" caused the skyrocketing of prices, prompting businessmen to expand operations but often in a wrong direction leading toward personal failure and bankruptcy and unemployed workers. And, as usual during inflation, wages failed to keep pace with rising costs of living. Workers' savings were exhausted, along with any reason that might have held for saving in the first place. Thus the relentless inflation took its toll from among the very poor it had promised so much to help. Meanwhile, the recklessly-spending and money-printing government had shifted the blame for rising prices onto merchants and landlords and other businessmen equally trapped by events; maximum price laws and other disrupting control measures were enacted with death penalties for violators. But the people rioted, regardless, and the guillotine eventually claimed the heads of those whose good intentions had brought on all the trouble.

And the only thing the people of France gained from that particular version of the Great Society was Napoleon!

The ways in which Louis XVI spent taxpayers' money in 1790 doubtless would seem foolish to heads of state in 1967. But there is no indication that Louis was giving the money to enemy nations, or waging war at the opposite side of the world on behalf of one unfriendly nation against other unfriendly nations, or planning to colonize the moon. It is true that modern rulers have found interesting new ways to bankrupt their country's treasury. And the resultant inflationary resort to the printing presses may be slightly more sophisticated today. But reckless spending of artificially created purchasing power still spells inflation, and today's riots by the tax-burdened and dispossessed poor of Detroit are very much the same as the riots of Paris in the 1790's.

Offering Explanations That Won't Stand Scrutiny

It is not that some of the looters are the great grandchildren of Negro slaves; doubtless among them also are to be found the great grandchildren of slave owners and of ardent Abolitionists of a century earlier.

It is not that the rioters are poor; the poor of the world have as good a record for peace and

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Our riotous friends are the unhappy victims of the false promises and bulldozer practices of the welfare state.

honesty and brotherly love and law-abiding citizenship as have those on any other rung of the economic ladder.

Nor is it that those who flaunt the laws of the land have been denied educational opportunity; many of their provocateurs and leaders in violence are holders of college degrees with campus training for insurrection.

Our riotous friends are the unhappy victims of the false promises and bulldozer practices of the welfare state.

These are individuals who have been dispossessed, driven from the modest homes they could afford in the name of slum clearance and urban renewal and public housing. They are urban dwellers obliged to pay in higher grocery bills for an annual $6 billion farm relief program. They are subject to draft for "somebody else's" war that seems far more likely to threaten than to strengthen American security. They are unemployed by reason of special privileges that have been extended to the leadership of organized labor unions. They are asked to pay for the protection granted industry in the form of tariffs, quotas, embargoes, and other price-hiking barriers to world commerce. They have been guaranteed subsistence, but with shackles attached. A slave to handouts and subsidies, for which he himself must pay in the end, is nonetheless a slave. Stripped of his self-responsibility and his self-respect, he may not be expected to understand or respect the lives or the properties of others who have earned their rights. The poor of our nation have been promised the moon – and presented the bill! And they riot against this evil they cannot understand.

Nor is it easy to understand. The aftermath of a Watts or a Newark or a Detroit riot must appear to the careful observer very much like the gaping wounds in "demonstration cities" when the Federal bulldozer of urban renewal has taken its toll of homes and businesses and displaced persons. It may be said for the rioting, looting, and burning that it is considerably faster and less costly than the legalized method of urban demolition. But that does not excuse the violence or the destruction involved in either procedure.

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And what it will cost to rebuild the wrecked homes and businesses and lives all depends on whether it is attempted by the compulsory methods of government planning and taxation or by the voluntary cooperation of self-responsible and self-respecting individuals in the open competition of the market. What we can be certain of is that one method is warlike and the other is peaceful. And that should be sufficient reason for anyone to cast his vote for freedom. ◈

• For further readings on the important relationship between private property and personal freedom and well-being, see:

W. M. CURTISS, "Freedom Rests on Private Property," *Essays on Liberty*, Volume V, p. 170.

HENRY HAZLITT, "Private Ownership: A Must," *The Freeman*, June, 1967, p. 342.

PAUL L. POIROT, "Property Rights and Human Rights," *Essays on Liberty*, Volume II, p. 79.

LEONARD E. READ, "The Poor Should Look to Liberty," *Essays on Liberty*, Volume XII, p. 9. "When Wishes Become Rights," *Essays on Liberty*, Volume XII, p. 85.

DEAN RUSSELL, "Play Store Economics," *Essays on Liberty*, Volume XI, p. 218.

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FREEDOM AND THE CONTRACT STATE

DONALD WARMBIER

OVER 100 years ago, John Stuart Mill summed up the difficulty of preserving freedom under socialism with these words:

> If the roads, the railways, the banks, the insurance offices, the great joint-stock companies, the universities, and the public charities, were all of them branches of the government; if, in addition, the municipal corporations and local boards, with all that now devolves on them, became departments of the central administration; if the employees of all these different enterprises were appointed and paid by the government, and looked to the government for every rise in life; not all the freedom of the press and popular constitution of the legislature would make this or any other country free otherwise than in name.[1]

Today, in the United States at least, the kind of formal socialism described by Mill is no longer a major threat. We now face not so much increasing state ownership of our enterprises as increasing state purchase of their products. As one writer puts it:

> The old demands that government nationalize railroads, coal mines, shipping, shipbuilding, arms-making have in the last thirty years subsided from a roar to a whisper. Instead, governments as mass purchasing agents have operated increasingly. . . . It is this trend . . . that can be expected to increase for some years.[2]

Expanding use of government as a purchasing agent, funneling through it ever-larger percentages of the national income, has been called the movement toward a contract state, in reference to

[1] John Stuart Mill, *The Essential Works of John Stuart Mill* (New York: Grosset & Dunlap, 1965), p. 356.

[2] Max Ways, "The Road to 1977," *Fortune*, January, 1967, p. 196.

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the ever-greater role contracts with the government play in the economy. This contract state differs in form from the socialism envisioned by Mill, but does it differ in substance? There are those who say that it does:

> If the government were to take 30 cents or even 40 cents or 50 cents out of every dollar's worth of our production, in contrast to its present share of about 20 cents, the government would then become a larger customer of American business. It would not be a larger producer. This is a most significant difference: a government that buys a larger proportion of our output creates neither a planned economy nor a socialist one.[3]

Millions of Potential Employers — Or Just One?

Yet there are reasons for doubting the significance of the above difference. Mill saw socialism as a danger to freedom because it replaces the millions of potential employers of a free economy with a single employer, the state, to which everyone must look "for every rise in life." Those who would criticize the actions of a socialist state might well be inhibited by the knowledge that they risk antagonizing their only source of advancement in their chosen line of work.

Rather than the nation's predominant employer, expansion of the contract state turns government instead into its predominant customer. Businessmen must depend on the state for more and more of their sales. Relying increasingly on a single customer, such businessmen find their freedom to criticize that customer diminished in a manner closely resembling what Mill feared would take place under formal socialism. One advocate of increased purchases by the state says of such businessmen that they have been

> . . . losing freedom in the precise pattern of classical expectation. The officers of Republic Aviation, which does all of its business with the United States government, are no more likely in public to speak critically of some nonsense perpetrated by the Air Force than is the head of a Soviet *combinat* of the ministry to which he reports. No Ford executive will ever fight Washington as did Henry I. No head of Montgomery Ward will ever again breathe defiance of a President as did Sewell Avery in the age of Roosevelt. Manners may be involved here. But most would state the truth: "Too much is now at stake!"[4]

[3] Peter L. Bernstein, *The Price of Prosperity* (New York: Random House, 1966), pp. 107-108.

[4] John Kenneth Galbraith, "Capitalism, Socialism, and the Future of the Industrial State," *The Atlantic Monthly*, June, 1967.

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But growth of the contract state affects not only businesses and businessmen. It also forces universities, hospitals, research and cultural organizations to look increasingly to the government for the sale of their services. As government takes 30 cents or 40 cents or 50 cents or more out of every dollar of production, scholars, doctors, scientists, even artists come to view the state as their most important patron and benefactor. Under the contract state, no less than under formal socialism, a point is reached when "not all the freedom of press or popular constitution of the legislature would make this or any other country free otherwise than in name." ◈

A Tale of Two Message Carriers

A STRANGE CONTRAST exists in recent moves of two Federal organizations, both ostensibly acting "in the public interest."

One Federal agency, the Federal Communications Commission, has ordered the American Telephone and Telegraph Company to reduce its long distance rates. To the dismay of the more than 3 million A. T. & T. stockholders, the market value of their investment dropped several billion dollars as a result of the FCC action.

At the same time another agency, the Post Office Department, is asking for a 20 per cent boost in its first class rate on letters.

In less than 35 years the government-operated postal service has increased by 150 per cent the rate on letters—from 2 cents to the present 5 cents—and another increase from 5 cents to 6 cents is in the works. The rate on the old "penny" postcard, which was held at 1 cent for 80 years until 1952, would also be boosted to 6 cents.

In the same 35-year period long distance rates of the privately operated telephone company have been reduced by as much as 70 per cent.

For example, a three-minute daytime station-to-station call from Chicago to Los Angeles in 1932 cost $6.25, with an overtime charge of $2 a minute after the first three minutes. Today the same call can be made for $1.80, with an overtime charge of 45 cents a minute.

A comparison of first class mail rates for years when significant changes were made since 1932 and the cost of a typical long distance telephone call [day rate, Chicago to Los Angeles] follows:

	Three minute phone call	*First class mail*	
		Letter	*Postcard*
1932	$6.25	2c	1c
1933	6.25	3c	1c
1952	2.25	3c	2c
1958	2.20	4c	3c
1963	1.95	5c	4c
1967	1.80	*6c	*6c

*Proposed.

The cost of mailing a letter is the same day or night; but not for making a long distance call. The night rate for a Chicago to Los Angeles call is 90 cents for the first three minutes and 25 cents for each additional minute.

In the light of this record, it hardly seems appropriate for the government to be lecturing a private communications system on the advisability of holding down rates.

Editorial, *Chicago Tribune*, August 9, 1967.

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FREEDOM'S THEORY OF VALUE

LEONARD E. READ

THOSE OF US who wish to assist in a reversal of the present trend away from individual liberty must, among other refinements of the mind, understand, believe in, and be able to explain the subjective theory of value, as forbidding as that term sounds. Except as we understand and apply this correct theory of value, individual liberty is out of the question.

The possessions one accumulates are a reflection of his values. What a man owns – what is his own – is what he is. One's personality and property reflect his subjective values.

But few of us care to live in isolation. We prefer to exchange ideas and goods and services with others. And the problem is to work our strictly personal values into a price or value structure for purposes of peaceful trade. The question to be answered is, how does the subjective theory of value determine the market price?

Here it is: *The exchange value of any loaf of bread, of any painting, of any day's work, or of any good or service is whatever another or others will offer in willing exchange.*

When Mrs. Smith swaps a shawl for Mrs. Jones' goose, the value of that shawl is that goose and vice versa. Yet, each lady gains in her own (subjective) judgment. Were this not a fact, neither would have willingly exchanged.

Value can make no sense except as it is subjectively determined, that is, as utility or gain is judged by self. Gain or value cannot be determined for anyone by another. What has value for one may have more or less value to someone else: there are those who prefer a chinchilla coat to a college education and vice versa, a freedom library to a vacation and vice versa, the theater to a TV performance and vice versa, ad infinitum.

Assume that I am an artist and

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do a painting each month. Unfortunately for me, no one wants "a Read." The value of my work? Zero! Now, assume that a change occurs in the minds of buyers (in each instance, subjective); "Reads" become a popular whim to the point that each will bring $1,000. The value of my work? $1,000! For the sake of this illustration, there was no change in the quality of the paintings. Buyers changed their minds and, thus, the value of my work.

It is perfectly plain that the practice of subjective evaluations is the practice of individual liberty or, if you prefer, personal freedom of choice.

It is also easily demonstrable that freedom of the press, freedom of religion, freedom of speech, freedom of assembly are impossible in the absence of economic freedom.[1]

This correct theory of value is opposed by the objective theory, that is, by arrangements where someone else, by some standard of evaluation other than your own, attempts to determine the value of goods and services to you. An understanding of the fallacious objective theory and an ability to identify it in its many manifestations helps to accent the importance and the validity of the subjective theory in practice.

Prior to 1870 no one had formulated the subjective theory. Nor was it invented. Three economists – Menger, Jevons, and Walras – from different countries and without collaboration, formulated the theory almost simultaneously. Their enlightenment came by merely observing how common people behave – produce and exchange – in the absence of governmental or other interference. Thus, before 1870 when there was no understanding of the subjective theory, objective methods of arriving at value predominated.

The classical example of the objective theory of value is the labor theory of value. This theory merely affirms that value is determined by cost of production or, stated another way, by the amount of energy expended. While some classical economists knew the theory to be wrong, they were not certain as to what was right.

Pursuing the labor theory to its logical and absurd conclusion, a mud pie would have the same value as a mince pie, provided that they were produced by equal expenditures of energy. If a pearl diver came up with a pearl in one hand and a pebble in the other, they would be of equal value!

Of course, people will not exchange as much for a mud pie or a

[1] See "Freedom Follows the Free Market" by Dean Russell, THE FREEMAN, January, 1963.

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pebble as for a mince pie or a pearl. So, how does this theory find expression in practice? Simply use the power of government to take from the mince pie makers and give to the mud pie makers! Karl Marx gave the formula: "from each according to his ability, to each according to his need."

However, even the Russians no longer are strictly addicted to the labor theory of value. Yet, they largely rely upon objective standards of one kind or another. That is, self-determination is at a minimum; the government arbitrarily prices nearly everything. Willing exchange is not the mode; individual freedom of choice is substantially taboo; the subjective theory is less used in Russia than elsewhere.

Note that there is no freedom of the press, of speech, of religion, of assembly in Russia. It is because economic freedom is denied; and economic freedom is impossible unless subjective value judgments are respected.

One of the most important points to keep in mind is that the amount of effort exerted or the cost of production does not determine exchange value. It is determined by individual evaluations of personal utility. The market price or value is somewhere within the range of these evaluations.

We who are interested in individual liberty and, thus, in the observance of subjective value judgments, must know that the objective theory is antithetical to our welfare, and we should be able to identify its many practices, regardless of how cleverly disguised they are.

Actually, we need only keep our eyes on unwilling as distinguished from willing exchanges. All unwilling exchanges rest on objective and not on subjective value judgments.

Would you willingly exchange your income or capital for farmers not to grow tobacco, to rebuild someone else's downtown, to put men on the moon, to underwrite power and light for the people of the Tennessee Valley, to pay people not to work? If your answers are negative, you can take the political applications of the objective theory from there. Examples abound by the thousands.[2]

It is a gross understatement of the case to say that freedom rests on the practice of the subjective theory; subjective value judgments, when honored, *are* freedom! ◈

[2] See *Encyclopedia of U.S. Government Benefits* (Union City, N. J.: William H. Wise and Co., Inc., 1965). This tome of more than 1,000 pages lists over 10,000 benefits.

Reprints of this article are available at 3c each.

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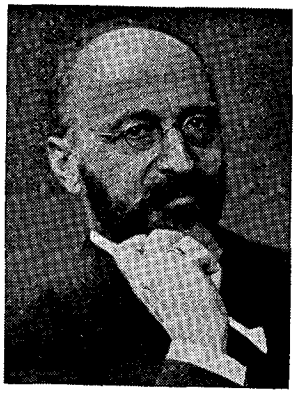

Böhm-Bawerk

The Man Who Answered Marx

DEAN LIPTON

IT IS A SAFE BET that for every million persons who have heard of Karl Marx not more than one or two can recall the name of Eugen von Böhm-Bawerk. In a major sense, this is unfortunate, for Böhm-Bawerk was the man who answered Marx.

Nevertheless, it is quite understandable. Marx was primarily a propagandist, a polemicist, a gifted sloganizer. His life story from the time he was the editor of a radical newspaper in Germany to the years he struggled for control of the First International was the deliberate attempt to sway the minds of men. He was a politician in the guise of journalist, philosopher, and economic thinker. About all this, Böhm-Bawerk could not have cared less. He was the dedicated scientist searching for truth. He refined economic ideas and concepts in a way that few others ever had or could. Where Marx borrowed heavily – and uncritically – from any past economist whose ideas could help him prove a point, Böhm-Bawerk would cut away at their falsity, never concerned with anything except arriving at the core of essential truth.

It was, of course, only natural that he would eventually clash with the ideas promoted by Karl

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Marx. They were starting their ascendant curve during the time Böhm-Bawerk was growing into manhood and beginning to think about the shape of the world, and the principles upon which human freedom and prosperity were based.

Two Lines of Thought

Eugen von Böhm-Bawerk was born in 1851. Three years earlier Marx (and his collaborator, Friedrich Engels) had published *The Communist Manifesto* containing the ringing declaration: "WORKERS OF THE WORLD UNITE! YOU HAVE NOTHING TO LOSE BUT YOUR CHAINS." In 1867, when Böhm-Bawerk was just sixteen, there appeared the first volume of *Das Kapital*, the book which was to become the bible of so-called scientific or modern socialism.

Many of the young European intellectuals were swayed by Marxist ideas, but there is no record that Böhm-Bawerk ever was. In part, this was probably due to his teacher and mentor, the famous Carl Menger, who among other things formulated the important theory of marginal utility. At first, Böhm-Bawerk was only one of a group of brilliant, young economists gathered loosely around Menger, originating the renowned "Austrian" school of economics. But, in time, he surpassed them all, becoming the master, the man whose work left the greatest impact. Historically, he and the other "Austrian" economists performed two important and vital functions. First, they made corrections in the inaccuracies they saw in the work of the "Classical" economists, even daring to take on such masters of the past as Adam Smith and David Ricardo. Secondly, they were the main economic critics of Marx and his followers in the closing years of the nineteenth century and the opening years of this one.

There was another curious paradox between Karl Marx and Eugen von Böhm-Bawerk which should be mentioned. The politically-minded Marx never held public office. He was unable even to hold all of his followers, all the men who thought in a general way like him, together in the one enclave he knew was necessary for the quick seizure of power. Proudhon quarreled with the Marxists during the volatile days of the Paris Commune. The Marxists expelled Bakunin from the International. Lassalle broke with Marx to form his own Socialist party.

The nonpolitical Böhm-Bawerk was appointed Minister of Finance in three different Austrian cabinets (1895, 1897-98, and 1900-04.)

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But in each instance it was the office seeking the man. Böhm-Bawerk had no political ambitions, but the political leaders of the Austria of his time knew that he had no peers in the fields of economics and finance. The post he enjoyed most was the one he held for a long time as Honorary Professor of Political Economy at the University of Vienna.

Capital and Interest

Even if Böhm-Bawerk had not exposed the Marxist fallacies, his work would have had lasting significance. He was among the first to explore the complicated labyrinth of price fluctuations. Although many have tried, no one has successfully supplanted his two theories of interest. Here, it is only fair to point out that both were hinted at by Nassau William Senior, an English economist, in 1836. However, Senior had left them in an unfinished state, and it was Böhm-Bawerk's work which pointed up their importance.

In the abstinence theory, he demonstrated that interest was compensation for the postponement or waiting for the satisfaction of a person's wants. While this idea may seem commonplace today, it wasn't in Böhm-Bawerk's time. His second theory dealt with the importance of interest to the productive process. He insisted that it was the most efficient way to secure capital investments, stating that even a socialist state would have to make use of it, or some equivalent, if it were to survive economically. The experiences of Soviet Russia in the years immediately following the Russian Revolution proved him right.

In 1894, the final two volumes of Marx's *Das Kapital* were published posthumously. They had been edited from Marx's notes by his long-time associate, Friedrich Engels, and we, of course, have no way of knowing how different they might have been if Marx had lived to do his own editing. However, the chances are reasonably good that the two versions would not have differed in any significant respect. Marx and Engels were intellectual twins. A common thread running through all of their ideas was the "exploitation of labor." According to them, every economic process of a free society was designed to exploit the workingman.

With his usual logical thoroughness, Böhm-Bawerk disposed of this argument in whatever Marxist theory it occurred. Marx argued that interest was derived only by exploiting labor. Böhm-Bawerk answered this contention by pointing out that if interest were the just compensation for saving as he conclusively proved

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in his abstinence theory, and absolutely essential to the productive processes of a modern industrial nation, it could not be exploitative in the Marxist sense.

Another sample of Marxist reasoning was that all the profits of the entrepreneur and the capitalist were "surplus value" created by labor. If labor had not been exploited, there would be no profit. The corollary to this, of course, was that all so-called "surplus value" should be returned to the worker.

Böhm-Bawerk pointed out that as long as a major part of "surplus value" was re-invested in a nation's industrial capacity – and not used to satisfy the capitalist's or entrepreneur's personal wants– it went back to the people in an ever-rising standard of living. In another one of his uncanny predictions, he foretold that under socialism "surplus value" would not be returned to labor, any more than it was under capitalism. If it were, the socialist nation would lack the means to build or maintain an industrial economy. Again the experiences of both Soviet Russia and Communist China proved him right. In fact, both Russia and China expriopriated so much of the worker's product that millions of people were deliberately starved, so that rapid industrialization could be achieved.

Labor Theory of Value Exposed

But it was on the Marxist Labor Theory of Value that Böhm-Bawerk turned the full force of his powerful mind. The idea that labor "created" value did not originate with Marx. Sir William Petty developed something like it two centuries earlier, and Ricardo devised a similar theory. Marx borrowed the Ricardian concept, and added a few sophisticated touches to it. He himself admitted that his whole theoretical structure rested upon the Labor Theory of Value, and that if it could be disproved, "scientific" socialism would be rendered invalid.

After Böhm-Bawerk finished demolishing it, there was not a single major economist who would accept the Labor Theory of Value as anything other than an interesting historical oddity. Even many branches of World Socialism, such as the Fabian Socialists in England, discarded it as untenable.

The "ambiguities and contradictions" in Marx's language offended good sense, Böhm-Bawerk pointed out. Marx claimed that the value of a product was determined by the "socially useful" labor involved in its production. Böhm-Bawerk found the phraseology meaningless, and pointed out that it differed little from Adam Smith's distinction between productive and

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unproductive labor. Smith had used the artisan as an example of productive labor and the menial servant to illustrate unproductive labor. Böhm-Bawerk stated that if the servant's efforts released his master to perform productive work, then his labor was also productive

The universal application of Böhm-Bawerk's analysis can be seen by taking the case of a widow with young children who re-enters the labor force as a stenographer. Without someone to care for the children, she would be unable to work, and so the girl she hires as a baby sitter certainly performs productive or essential work.

Utility, Scarcity, and Choice

To demonstrate the validity of the Labor Theory of Value, Marx used the diamond, insisting that it was valuable because of the amount of labor expended to mine it. In other words, a diamond at the bottom of a deep mine shaft requiring the work of many men to dig would be worth more than a diamond found accidentally on the surface of the ground. Quite obviously, any diamond merchant who estimated the worth of a stone on this basis instead of the usual reasons such as the number of carats or its crystalline flawlessness would go out of business in short order.

To Marx, value was a concrete condition created in much the same manner that an article might be manufactured. To Böhm-Bawerk, it was a relative system of measurement depending at any time on external factors. He demonstrated that the Marxist concept failed to take two important elements into consideration: utility (or usefulness) and the nearly-equally important subjective quality of want or desire. Despite the appearing solidity of the Labor Theory of Value, it was nebulous, vague, and unpredictable. It lacked every characteristic that a science was supposed to have. Conversely, the Böhm-Bawerkian law worked with mathematical precision.

It could be summarized into the following formula:

1. Utility is the basis of value.
2. Scarcity is the measure of value.
3. Price is the evidence of value.

Nothing is valuable unless it is in some way or degree useful. The decrease or increase of its value is dependent on the rise or decline of its supply. Valuable goods are costly either in terms of other goods or money. To this he added another factor for the determination of price: the subjective quality of want. If no one wanted an article – no matter how scarce it was – its price could hardly be very great.

The importance of want or de-

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sire is self-evident. The more the seller values an article, the higher his asking price will be. The more the buyer wants the article, the more he is willing to pay for it. This, of course, works in reverse. The lower the buyer's personal evaluation of an article, the less he will be willing to pay for it. If a seller places little value on an article, he will be willing to sell it for a low price.

Subjective Value Judgments

Böhm-Bawerk covered all possible criticism before it could be leveled. He did it so well that the Marxists ever since have found themselves in the position of having to answer the unanswerable. Take the way he disposed of any future objection to the utilitarian basis for value in his monumental work, *The Positive Theory of Capital,** for instance. After noting that such infinitely more useful items as bread and water ordinarily are far less valuable than diamonds or pearls, he points out that they only appear to be because under normal circumstances they are in such abundant supply while pearls and diamonds are relatively rare. But when food becomes scarce, the value of a sandwich to a starving man is far greater than that of a large and flawless diamond. A man dying of thirst in the desert will run first to a canteen of water before he even considers the bag of pearls lying a few feet away.

Böhm-Bawerk finally concluded: "Thus those very facts which, at first sight, seemed to contradict our theory that the amount of value is dependent on the amount of utility condition, on closer examination afford a striking confirmation of it." ◈

**The Positive Theory of Capital* is now included as Part II in a 3-part translation of Böhm-Bawerk's *Capital and Interest,* published by the Libertarian Press and also available from the Foundation for Economic Education at $35.00 in a boxed 3-volume edition, or $17.50 in a single volume.

The Foundation also stocks *Human Action, Theory and History,* and several other books by Dr. Ludwig von Mises, student of Böhm-Bawerk, and the leading living exponent of the Austrian School.

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A Miracle?

RICHARD D. HAMMOND

IF I hadn't been there, I would hardly have believed it myself. We decided to "do it ourselves." Such a decision can scarcely be described as a miracle, although these days it seems almost like one.

It happens that some time ago I was asked to serve on an advisory board of a voluntary organization that helps the handicapped to help themselves. This is a fine organization, with a worthy purpose, certainly.

The time came for an expansion of facilities. The director came to the board with a well-worked-out proposal which involved our raising $20,000 so that we could qualify for a 4 to 1 Federal grant which would give us $80,000. He described this "opportunity" as "growth money."

When I attempted to point out what the multiplicity of "Federal grants" was doing to our economy, our dollar, and our debt, I felt that I was looked at with a fishy eye by the director, the chairman, and my fellow board members. When I suggested that we might save some money by obtaining good used equipment, I was told immediately that the Federal grant specified only new and the latest equipment.

At a second meeting on the subject, and after further planning on how to qualify for the grant, I finally said, "Sorry, men, our motives are good, but our means are bad, and I'll just have to drop off the board. I can't go along. If you want to raise what money we need for serviceable equipment, on a voluntary basis, I'll do my best to help. But I can't be a part in taking the money, extracted from others by force, for even as worthy a project as this."

Where's the miracle? Well, after

This article is from a recent letter by Mr. Hammond, a Maryland business association executive.

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I had said this, one of the men said, "Maybe we *could* do it this way." Another said, "I don't particularly want to take tax money, but I don't see how we can do the job any other way." The chairman, who had for weeks given me the impression that he thought I was crazy, almost knocked me out of my chair when he said, "Actually, this is the way I really would like to see it done too, if it's possible."

To shorten the story, from that point on, the whole atmosphere of the meeting changed. Enthusiasm took over. Smiles and excitement came out. In a few minutes, we had numerous ideas as to how, and where, we could get the equipment on our own; ideas on how to go about raising money.

After the meeting, one of the members came up to me and said, "Thanks, Dick, for waking us up."

At a subsequent meeting, a formal motion was passed to do the job ourselves. And we're now on the way to doing just that.

* * *

P. S. I tried the same approach on another board I'm on——similar situation —— and was voted down. But it's fun trying. The one success described above makes the trying more worth-while. ◈

A Source of Strength

I SOUGHT for the greatness and genius of America in fertile fields and boundless forests; it was not there. I sought for it in her free schools and her institutions of learning; it was not there. I sought for it in her matchless constitution and democratic congress; it was not there. Not until I went to the churches of America and found them aflame for righteousness did I understand the greatness and genius of America. America is great because America is good. When America ceases to be good, America will cease to be great.

ALEXIS DE TOCQUEVILLE, *Democracy in America*

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ALTERNATIVE TO COMPULSION

MELVIN D. BARGER

ONE of the games people play today is to profess a belief in freedom while advocating more and more forms of governmental compulsion. Yet those who play the game would insist that they do not like self-deception and abhor hypocrisy. If they deceive themselves and practice hypocrisy on this matter of compulsion, it is because compulsory programs seem to get the results they desire, while voluntary methods appear to fail. "We detest compulsion as much as you do," they might say. "But what alternative can you offer?"

The believer in classic liberalism cannot, of course, offer alternatives to compulsion that will produce the same results that compulsory programs bring. There are, for example, few voluntary programs that will give individuals the power to tear down whole sections of cities and replace them with gleaming buildings as urban renewal does. There is no practical way for a believer in voluntarism to build an unprofitable dam or to endow a special interest group with largesse. But there is a powerful alternative to compulsion, and it may be rediscovered when compulsory measures finally fail. It is called *attraction*.

It is amazing that so few thinkers of our own day have grasped this idea of *attraction* and how it functions in economic affairs. It is an idea implicit in Christianity as well as in the fundamental structure of American government. In

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Christianity, the idea emerges as "letting your light shine so that men will see your good works and glorify your Father who is in heaven." In American government, attraction is implicit in the Bill of Rights and other statements of freedom; there is at least a confidence that good ideas will triumph through their power of attraction if all ideas are allowed to circulate freely.

Reformers in Haste

One of the ironies in attraction, however, is that it is not itself immediately attractive as a principle of operation to restless individuals seeking shortcuts and trying to get things done in a hurry. In the days before the Wagner Act, for example, labor leaders made relatively slow progress in signing up union members on a voluntary basis. Some of this slow progress, admittedly, may have grown from strong employer opposition and the intimidation of workers. But at least a large portion of the slow growth of unions could be ascribed to the fact that many workers did not find the union's program attractive. Rather than re-examine their own proposals and practices, labor leaders found a faster way: compulsory unionism, which persists to this day. Though defended vehemently as the only way unions can survive, compulsory unionism still goes against the grain with the American public to such an extent that intense pressure from labor leaders has not succeeded in eliminating the right-to-work provisions from the labor laws.

There are, of course, numerous other examples of turning to compulsion when attraction seemed a bit slow and tedious. We now have compulsory social security programs, compulsory medical care, compulsory agricultural programs, compulsory auto insurance, and countless other departures from voluntarism. Just around the corner, apparently, are some new programs such as compulsory birth control and compulsory mental health on a nation-wide scale. Business organizations are being subjected to compulsory programs by other firms in their own industry; in quite a few industries it is now the practice to organize as a society or an association and to compel all eligible members to belong or face the suggestion that they are "out of it" or "not qualified to be accepted as equals."

And on the surface, compulsion does get things done. The social security check arrives every month, union dues are collected by checkoff, and everybody receives his fluoride from the city water supply whether he has teeth or not. Since compulsion gets certain things done so well, what is really

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wrong with it? It may appear immoral, but its proponents will also argue that it's immoral to let old people starve or to let dangerous buildings stand in a slum.

Compulsion Doomed to Fail; Cannot Deliver the Goods

Compulsion can be condemned for a number of reasons. There are, as Friedrich Hayek argued some years ago, reasons to believe that an increase in compulsory programs will eventually place the most unscrupulous individuals in charge of governmental affairs. There are indications that this may be happening, but they are not yet conclusive. Compulsion also appears to be legalized plunder in the view of many; but this objection is countered with the argument that "government has the authority and duty to redistribute in order to advance the common welfare." A third objection, that compulsion destroys freedom, does not win as many adherents as it should because they insist that their brands of compulsion eventually promote freedom.

Actually, compulsion may defeat itself through its inability to deliver the goods over the long run. It subsists on the lie that man is a compliant, subservient being who can be shaped and guided indefinitely into productive channels by coercion outside himself. Man is not such a compliant being; and when compulsion has run its course he is the very power who will put it aside in favor of attraction, a force that does work indefinitely.

Perhaps one of the keener observations on this basic inferiority of compulsion to attraction was pinpointed many years ago in an essay on "The Will" in Thomas Troward's *Edinburgh Lectures*.[1] While writing chiefly of the human will and the limitations of will power, Troward indicted all compulsion by direct implication: "Many writers and teachers insist on will-power as though that were the creative faculty. No doubt intense will-power can evolve certain external results, but like all other methods of compulsion it lacks the permanency of natural growth. The appearances, forms, and conditions produced by mere intensity of will-power will only hang together so long as the compelling force continues; but let it be exhausted or withdrawn, and the elements thus forced into unnatural combination will at once fly back to their proper affinities; the form created by compulsion never had the germ of vitality *in itself* and is therefore dissipated as soon as the external energy which supported it is withdrawn."

[1] Dodd, Mead & Company, New York, 1909.

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No Chance for Progress

The fatal flaw in compulsion is that it lacks the creativity to produce the new ideas and forms which human progress demands. When a project is supported by compulsion, it is practically impossible to remove the compelling force without also witnessing the quick death of the thing supposedly created. One such example is when the government subsidizes a dying industry in order to save it for some noble public purpose or merely to aid a deserving community; the subsidy soon has to be of a permanent nature or the industry dies anyhow from its own inability to attract the nutrients of industrial life. The same is true of programs to force businessmen and labor leaders to follow wage-price guidelines; if compulsion is relaxed for either group or at any point, the guideline is ignored and forgotten. It is also true of economic stimulants applied to encourage the growth of new industries and get them on their feet; they never get to the point where they want to walk alone.

Attraction, if it is really present, is like Biblical Love; it never fails. If an attractive idea or arrangement is in motion, it draws substance to itself as unfailingly as a magnet draws iron filings. It worked remarkably well in our past history, still works in numerous social arrangements, and is still believed in as a business principle at many levels.

It is easy to see why attraction always supplies the highest output of creative and productive energies. When compulsive tactics are followed, a large amount of energy must be expended simply in overcoming the resistance and inertia of those being forced to submit. But where there is mutual attraction and agreement, the energies of all parties to the arrangement are available for productive use. This would be true of almost any social organization, whether a simple neighborhood association or a national government. To some extent, it explains why the fledgling America quickly outdistanced the armed monarchial states of Europe in the last century. Few of the nation's energies had to be tied up in apparatus for compelling reluctant minorities to go along with the ruling powers, and were therefore free for other uses.

How did attraction function in the American past? Well, we can only conclude that immigrants came to the United States in droves because they were attracted to it and fed up with compulsion. They were attracted by the promise of economic gain and more freedom; but at the outset many

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of them had to make great sacrifices in order to get out of their native countries. The attracting force was so great, however, that they came by the millions, enduring stinking, dangerous ships and facing huge initial debts in order to make the change. Once in America, they began to make a place for themselves because they were attracted by the prospect of betterment. Most of us who are rather well off today owe much of our good fortune to determined ancestors who had the courage to break out of stifling conditions in feudal Europe and try something new. Compulsive measures never could have done the job of settling the United States a tenth as well.

Closed-Shop Methods

What about social arrangements? It's tempting to use legal means to force groups of people with a common interest into an association, which is the kind of thing that tends to go on today in union organizations and professional societies. The latter, in particular, are choosing compulsive measures up to the limits of their powers; and anybody who belongs to such a society frequently hears discussions of methods to exclude certain people and, at the same time, to force others to belong. The medical, dental, and legal associations are masters at this kind of thing, and are strengthened by the fact that practitioners in their fields must be licensed by states. Other professional groups are not far behind, however, and we seem to face a future in which the members of every profession will be able to control their memberships and to pass judgment on whether a newcomer to the field can be admitted.

The pretext of this kind of compulsion is usually "protecting the public" and "raising the standards of the profession." There's no denying that associations probably do elevate professional standards and help circulate vital information among their memberships. At the same time, however, all of them are powerful interest groups seeking additional advantages for their members. There's nothing wrong with interest groups, but they should not have the legal right to use certain compulsive measures that exclude some and force others to belong against their will. We need not fear that denying them a means of compulsion will destroy professional standards or leave the public wide open to fraud and bad practice. Any association can survive by making membership in it attractive to potential members; and it can win public support for its causes by offering convincing

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proof that its members do provide the best services.

Attracting Cooperation

Attraction also offers solutions to social problems such as the present conditions of Negroes and other minority groups in the U.S. Most of the measures presently being advocated involve one form or another of compulsion, and some of them have succeeded up to a point. There's no question, for example, that pressure from the Federal government has created employment opportunities in a number of industries that were probably closed to Negroes before 1960. But compulsion has not accomplished the job to anybody's satisfaction; and without the constant application of outer pressure, conditions would tend to revert to what they were before 1960.

There are, after all, many reasons why it is good business to hire Negroes on an equal basis with anyone else. Prejudices were so deep-seated in almost every organization that few people realized this, and the groups working in the civil rights field were almost totally obsessed with securing legislative remedies. Now there is widespread disillusionment because the legislative remedies are failing to produce the desired results, and instead of reappraising the philosophy of compulsion, its proponents are simply calling for more of it. We can expect, therefore, that the people at whom this compulsion is aimed will continue to follow the letter of the law, but rarely the spirit of it.

Pleasing the Customer

It's primarily in our commercial activities that we see the most lively functioning of the forces of attraction. Throughout the United States, thousands of sellers bid for our attention, and work constantly to develop products and ideas that we'll want to buy. Sometimes these attempts to win us over become tiresome and irritating, but we wouldn't really want it any other way. If somebody has to make his proposal or product attractive to us, this means we are still being allowed to choose; and where there is a measure of choice, there is probably a certain amount of freedom.

We expect a great deal from the merchants who want our business, and we really have little sympathy for the enterprise that fails because it neglected the needs of its customers. Most of us are customers a good deal of the time, and we expect to be attracted to our purchases. If a businessman is able to make his products and services attractive to us, we're still willing

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to reward him handsomely for it, and he in turn is able to attract additional capital into his business and thereby grow to draw even more customers. It is hard to see how anybody is injured by this process, except perhaps the business competitor who ignores the wants of the customers. The general public, the investors, and the employees of the enterprise all gain, while the nation as a whole is made richer. Best of all, it's done without depriving anybody of his freedom or his right to choose.

Right now, however, the idea of attraction is in eclipse with little support among the restless groups seeking change and personal betterment. Attraction will always lack appeal to impatient people. Attraction's chief disadvantage is that it cannot work except by the free choices of the people, while compulsion can bring all sorts of extraordinary projects into being for the short term.

Compulsion is the chief tool of unimaginative people whose most prominent trait is considerable contempt for the nature of man. Attraction, on the other hand, is the hidden force that holds the universe together and makes the birds sing and the flowers grow. It is the creative power that causes free men to get things done. It will last forever. ◈

IDEAS ON LIBERTY

Healthy Discontent

YOU MEN AND WOMEN of the advertising profession are the high priests of the cult of discontent. You are peddlers of the healthiest kind of unhappiness.

You hold the carrot of temptation and desire before the consuming public. And we reach for it. And, in reaching, we create movement, action, progress.

You stimulate our desire for improvement. You whet our appetites for better food, better cars, better homes, a better education, finer suits, smarter dresses. You fan the flames of hope and aspiration.

And hope, perhaps, is the most powerful force in our world today. For, without hope, the future becomes a pattern of monotony. Without hope, without dreams, without aspirations and ambition, our future world would indeed be grim and gray.

CHARLES L. GOULD, from an address to the Advertising Federation of America

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Decisions and Progress

ALEXANDER EVANOFF

THE PHILOSOPHY of individualism has these suppositions on the educability of man. It believes that no one can teach anyone anything, that no one can tell anyone anything which the individual does not already know, or is prepared inwardly to accept. This is true of individual preachments as well as governmental proclamations of truth and justice. The individual learns through his own abilities, limitations, and experiences. Therefore, the broader the scope for individual action, the broader and the greater the number of experiences, the better. The less imposition or interference from above, the better.

Learning is a matter of inward readiness, a matter of something inward feeling a recognition and a correspondence with something outside the individual. If the inward readiness and preparedness based on thought and experience does not exist, the outward manifestation of thing or idea is not recognized.

Education, growth, development are a matter of inward ripeness. The more decisions an individual makes, the more rapidly he progresses. It is actually dangerous to withdraw possibilities for decision-making from the individual. Paternal action on the part of a presumably wiser entity, or government bureau, to save the individual entity trouble, requires the utmost probity and nicety of discrimination so as not to hinder more than help: because the blessed privilege of blundering may be more rewarding in devel-

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opmental growth and creative function than to be deprived of the right to blunder by a ready-made and imposed decision.

Individual development, properly conceived, hinges upon decision. Even a mistaken decision may result in considerable advancement. The individual moves by making mistaken decisions or happy choices, as the case may be. Whenever a person's decision is made for him, he is deprived of a certain opportunity and, therefore, in a sense, of a certain property. Whoever may have made the decision has robbed him, even with the best intentions in the world. A person may gain certain easements unearned, when a decision is made for him, but at the same time he has been forced to forego a chance for certain self-building which the process of earning would have accomplished for him. Decision is the vital principle of individual progress, and cannot be taken out of the individual's hands without far-reaching harm. Whoever or whatever makes a decision for someone else, either through the operation of force, prestige, faith, or prerogative, in a very real sense steals from the person for whom the decision was made.

We are in a world with just so many opportunities of choice, of right choice or wrong choice, just so many opportunities for learning from the results of our choices. Presumably, we are placed in this world to determine what is worth the choosing and what is not worth the choosing. Each time we permit someone else to determine for us what is within our own choice, we have allowed someone else to dip into our pocket and to take from us a bit of property that cannot be replaced.

We could not think kindly of a friend who took property from us more precious than gold. An individualist could not thank anybody who took away from him a legitimate and never-repeatable opportunity for progress. It will not come again. If the moment is taken away from the individual, he is that much the poorer for eternity. A man's purse may be stolen and restitution made. But if a man's opportunity for making a decision is stolen, that which can never be returned to him has been taken from him.

Each decision made is a step in the individual's development. Once passed, it is gone forever. The individualist cannot thank anyone — parent, priest, or government official — who deprives him of the opportunity to grow through the making of decisions. ◈

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MARTIN ANDERSON

THE FEDERAL BULLDOZER

• *The Federal Bulldozer* has seen a lot of mileage since Dr. Martin Anderson's critical analysis of urban renewal was first published by M.I.T. Press in 1964. Now the book is available in a 1967 McGraw-Hill Paperback edition at $2.45, and also may be purchased from The Foundation for Economic Education, Inc., Irvington-on-Hudson, New York.

The following article is reprinted by permission from the author's new introduction to the paperbacked edition, pertaining to developments in the urban renewal field and his experiences since first publication of *The Federal Bulldozer*.

Martin Anderson is now Associate Professor of Business in Columbia University Graduate School of Business.

SINCE *The Federal Bulldozer* was published by the M.I.T. Press I have traveled throughout the country, speaking at universities, public gatherings, conventions of professional groups, and public policy forums. I have appeared on a number of television and radio shows, testified at Congressional hearings, received hundreds of letters and phone calls, and answered thousands of questions. One question I have often been asked is this: Now that you have had a chance to re-evaluate your study and conclusions, are you still satisfied with them?

The answer is yes. To my knowledge, the extensive searching critiques of my study have not turned up a single significant error in the analysis, and the experience of the last two years has strengthened, not attenuated, the conclusions I drew from my original findings. At this moment, thousands and thousands of people are being forced to leave their homes, the private property of some people is being seized with the inten-

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tion of turning it over to other people for their personal use and private gain, thousands of homes —most of them low-rent units — and businesses are being destroyed by the wrecker's ball and the bulldozer, and billions of dollars of your money and mine are paying for it.

Is It Right?

The question that we should have asked in 1949, when the Federal urban renewal program started, is long overdue now: Is it right to deliberately hurt people, to push around those who are least able to defend themselves, to spend billions of dollars of the taxpayers' money, so that *some* people might be able to enjoy a prettier city?

That answer is your own, and for those whose morals permit them to answer yes, there is another question: Has any city been "renewed"?

Here the answer is no. The Federal urban renewal program has been, and continues to be, a thundering failure — with one important exception: it has exhibited an amazing talent for continued growth. The reaction to failure has been a policy of escalation whose most recent manifestation is the so-called "Demonstration Cities" program. But while urban renewal has increased in size and scope, its basic nature has not changed. The urban renewal program is essentially the same as it was when this book was first published.

In the book I offer the economic system of free enterprise as a viable alternative to the government program, and point out that it would not force people from their homes, that it would not take homes, land, and buildings from people without their consent, nor would it cost a dime of the taxpayers' money. I have since discovered that this alternative is unknown and unthinkable to many people, either because they know so little about modern economic theory or because they have a deep-seated antagonism toward the economics of laissez-faire capitalism. I am insistently pressed for a "positive" alternative, which, to the questioner, invariably means an alternative government program.

Freedom Is an Alternative

One does not *have* to offer any alternative government program for two reasons. First, to presume that any valid alternative *must* be a government program is to take a blatantly unintellectual position. Second, and more importantly, the Federal urban renewal program, by itself, is a bad program. It is causing harm, and its

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To suggest that one should not stop harmful government action until one has thought of new government action is absurd.

very elimination would therefore be an improvement. To suggest that one should not stop harmful government action until one has thought of new government action is absurd. In fact, one of the most efficacious ways to improve the present and future living conditions of all people in the United States would be to repeal the urban renewal program as soon as practicable.

Of course, local, state, and Federal governments could do many things to further increase the quality of housing after the urban renewal program was repealed. The basic thrust of this government action should be in the direction of *eliminating* the laws and regulations that are, to a significant degree, throttling the housing market today.

But the main factors that will improve living conditions are (1) increased personal incomes and (2) improved housing technology that will lower housing costs. The greater the degree to which our economy is free of government intervention, the faster this will occur. The details of how this would be accomplished are far too involved to attempt to discuss here; I hope to say considerably more about it in the future.

"The Public Interest"

One of the minimal things that any intellectual should be able to do is to define the meaning of the key terms which he uses, and a favorite term used by many of today's intellectuals is that familiar phrase, "the public interest" – alias the public good, the common interest, the consensus, the national interest, the common welfare, etc.

The urban renewal program is often justified as being in the "public interest." As with other things that are justified in the name of the public interest, it is revealing to inquire into the exact sense in which the term, the public interest, is used. "Public" refers to those people (*all* of them) constituting a community, state, or nation; "interest" refers to something which is of benefit or advantage to someone. Literally, then, the public interest would have to be something that is of benefit to all the people.

This is patently untrue with re-

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gard to urban renewal; here the benefit of some is always obtained at the expense of others. In today's context, the public interest has become a synonym for declaring that, in the speaker's or writer's opinion, the deliberate, intentional sacrifice of the interests of one group of people is justified by the benefit that accrues to another group of people.

The issue that users of euphemistic phrases like the public interest evade, consciously or unconsciously, is the sacrifice of one man's interests to another's. And they evade for good cause: how far would the proponent of some new idea get if he directly and clearly stated that citizen X should be injured to benefit citizen Y because the proponent feels that the benefit citizen Y receives justifies the injury X suffers?

Concerned with Power

I have had the opportunity to talk to a number of community leaders in cities where urban renewal was being considered. During these conversations I was particularly interested in finding out why certain people strongly advocated the program, and I was surprised to find a consistent theme running through their off-the-record statements. They were not seriously concerned with the poor people living in the areas they had tentatively marked for renewal; they were not concerned with any personal financial gain; they were not even very concerned with getting a substantial amount of cash from the rest of the taxpayers via Washington. But they were concerned with *power*.

Again and again – from bankers, politicians, newspaper editors, businessmen, and even religious leaders – I heard statements like these: "Well, I've tried to buy property in that area of town, but the owner won't sell at a reasonable price. Somebody has to *make* him sell at a 'fair' price. Who does he think he is, standing in the way of the whole city?" Or, "We need at least a whole block to do anything worthwhile; we can't fool around trying to buy a lot here and a lot there. Besides some old man may feel attached to property that's been in his family for years. We can't wait for him to die. We *need the tool of eminent domain.*"

In essence these "community leaders" are saying that they have no compunction whatsoever about invoking the police power of the state to accomplish by force what they cannot accomplish by persuasion. If they can't persuade an old man to sell his property, then they will make him sell, and use the strong arm of a healthy policeman to back up their demand. As

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one particularly obnoxious editor of a major newspaper put it, "We want to get this done, and we don't care what we have to do to get it done."

The Power of Eminent Domain

The keystone of urban renewal is the power of eminent domain; private property is taken by force, or by the threat of force, for the advantage of others. How many of those who advocate, support, and run the program could bring themselves to do personally what their actions will eventually imply? How many would personally seize an aged couple and bodily evict them, while listening to their cries of protest?

We could ask other questions. What happens to a businessman's sense of justice when he is told that his business is to be destroyed to make way for someone else's business? What happens to the Negro's sense of justice when he discovers that two-thirds of those displaced are Negroes? What happens to a slum-dweller's sense of justice when he is forced out of the home he does have and then is told that he must uphold the laws and not riot? Perhaps one small step we could take in easing the problems of slum dwellers is to stop taking away that little which they do have.

There are many important issues in the urban renewal question, but there is one which is both the most important and easiest to understand. The local government must have the power to take by force the private property of one man – his home, his land, his business – with the intent of turning it over to some other man for his private use and personal gain. It is on the acceptance or rejection of this principle that the fate of urban renewal rests, for without the power of eminent domain local governments could not force people to surrender their homes, their land, and their businesses.

If local citizens are not aware of the deliberate sacrifice of some individuals to the personal interests of others – or worse, if they approve of it – urban renewal will spread. If they are aware of what is going on, do not approve, and take actions that match their convictions, then urban renewal will not continue.

If you have been forced out of your home, if your property has been seized, if your business has been destroyed – then you know more about the consequences of the Federal urban renewal program than any book, article, or speech can tell you. You know that the program is outrageously unjust, but for you, and a million others in the same position, it is

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The vast majority of [the people] are opposed to the means employed to gain the ends of urban renewal. But even today very few people know what is happening.

likely that nothing will be done to rectify this injustice.

Prospects for Victory

But if you are *threatened* with the prospect of being "renewed," there is an excellent chance of defending yourself – *if* you are willing to spend some time learning the facts about the program, and *if* you have the courage to speak out in public for what you think is right. Your ammunition is knowledge of how the program works and what it does. Your weapons are any means by which you can communicate this knowledge to others in your community.

From conversations I have had with many people throughout the country, I am convinced that the vast majority of them are opposed to the means employed to gain the ends of urban renewal. But even today very few people know what is happening. A few articulate people – who somehow never can bring themselves to mention any of the strong-arm tactics that are necessary – have portrayed urban renewal as the program that will "save" the cities.

In view of the skillful, extensive propaganda for urban renewal, it is understandable how many busy, influential people who could have checked the program have accepted what has been said about the program at face value. Many have even committed themselves publicly on this issue, and now, even though they may have developed doubts about the program, hesitate to recant for fear of appearing foolish. But men can make honest errors of judgment. It is no reflection on a man's character to acknowledge a previous error in the light of new information; it *is* a reflection on a man's character if he persists in his error.

One of the most dangerous threats to urban renewal is widespread knowledge of its nature. As a director of one of the largest urban renewal operations in the country once remarked to me, "The only thing urban renewal can't stand is publicity."

Today many people feel that it is useless to try to fight "city hall" on something as big as this, and the proponents of urban renewal desperately hope they will continue to feel this way. The initiation of an urban renewal program is es-

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Many urban communities have rejected urban renewal in the last four or five years, but it has never been rejected without at least one person in the community taking a stand against it.

sentially a function of the local government, and until the opposition grows to the point where congressmen will act, the only practical way to stop it is on the local level. Many communities have rejected urban renewal in the last four or five years, but it has never been rejected without at least one person in the community taking a public stand against it.

The Fort Worth Case

Let me give you a recent case example. On April 12, 1966 there was a referendum vote on urban renewal in Fort Worth, Texas. Fort Worth is the thirty-fourth largest city in the country, and is perhaps the largest city to date that has brought the matter directly to the voters. In Fort Worth there was widespread support for the program among the city's leaders.

If there is such a thing as an "establishment," virtually the entire establishment came out strongly in favor of urban renewal. The Mayor was for it, all the city councilmen (except one) were for it, the Chamber of Commerce was for it. The newspapers editorialized for it, and large real estate developers flew in and threatened to ignore Fort Worth in the future if the citizens did not approve urban renewal. Special committees were formed, and tens of thousands of dollars were spent promoting the program.

To almost everyone it was a foregone conclusion that urban renewal was coming in. Nevertheless, a small group of people stubbornly decided to fight the program on principle. Sparked by the local Buick dealer, they formed the Citizens Committee for the Protection of Property Rights. They were convinced the program was wrong and set out to present their case to the public.

First they learned as much as they could about the program — what the law is, how it works, who would lose their homes and businesses, how much money it would cost, where the money would come from, and so on. Then they started an educational campaign.

They set up an informal speakers' bureau and addressed local social gatherings, civic organizational functions, and business

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luncheons. They presented the facts and answered questions.

They compiled lists of voters, wrote and mimeographed letters, sent for reprints of articles on urban renewal, and then mailed the letters and articles to the voters.

They tape-recorded short messages, bought radio time and broadcast the messages; they wrote short newspaper ads and ran them in the local papers.

They attended urban renewal meetings, they asked questions; they contacted their local representatives in person, they wrote to the Mayor, and they wrote letters-to-the-editor.

They called their friends, and they got offers of volunteer help and donations of money. They visited nearby towns, talked to people who had experience with urban renewal, and found out firsthand what happened when the bulldozers moved in. And then they went back and did what they had done before all over again.

The election took place on a Tuesday, and they engaged me to fly down from New York to address a public meeting the preceding Friday night. Four hundred people attended. Before I left I taped a half-hour television speech for them; by this time enough people had become concerned so that contributions to their campaign were sufficient to buy a half-hour of television time on both Sunday and Monday evenings.

I left Fort Worth on Saturday, and the general consensus, with which I agreed, was that the propaganda guns for urban renewal were just too big, and that it was almost certain that urban renewal would come to their city. These feelings were confirmed on Saturday when the Mayor announced the results of a poll made by a professional organization specializing in opinion research. The poll flatly predicted that urban renewal would be approved by a substantial margin – but only if there was a very heavy turnout.

Overwhelmingly Rejected

On Tuesday evening, city election officials commented that the turnout of voters was very heavy; the City Secretary predicted that approximately 24,000 people would vote.

But something happened on that Tuesday in Forth Worth.

On Wednesday morning the tally showed that 47,545 voters had gone to the polls and 38,397 (over 80 per cent) had voted *against* urban renewal. The number of people voting was double what anyone had expected, the urban renewal proposal was defeated by a resounding 4 to 1 margin, and de-

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If there is anything that would strike fear into the minds of urban renewal proponents, it would be an outbreak of locally organized, articulate opposition to local renewal programs.

feat was overwhelming in virtually every precinct. A handful of amateurs had taken on a group of highly organized professionals and won.

I, and perhaps everyone else who had followed the campaign, was surprised, but perhaps we should not have been. The average American citizen is a very intelligent, thoughtful person — once he knows the facts.

If there is anything that would strike fear into the minds of urban renewal proponents, it would be an outbreak of locally organized, articulate opposition to local renewal programs. The local referendum vote has proven to be the most successful way to fight urban renewal, perhaps because it brings the major issues out in the open for public discussion. Unfortunately, in some localities referendum votes are not possible, and then the only recourse is to the elected officials. However, a bill is now pending in Congress that would make a referendum vote mandatory on any renewal project.

Of course, there is always the possibility that a majority of the voters will vote to gain at the expense of the minority, and their approval will not make the program right. However, until the program is repealed at the national level, a local referendum vote is a potent weapon.

Resist on Principle

One of the standard ploys of the proponents of urban renewal is to assert that the program is "here to stay," and that the only possible course of action is to figure out the most advantageous way to collaborate with the program. This is doubly unfortunate — first because the assertion is not true, and second, because the act of acquiescing in principle to the program is what makes it possible.

Urban renewal has been rejected by at least 70 towns and cities that I know of, and unquestionably many more will reject it in the future. What the advocates of urban renewal programs dread the most is opposition to the program *on principle.* With the cunning of any seducer, they know that if you will agree to just *one* instance of forcing a person from his home, to just *one* instance of seizing

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someone's home and land, to just *one* instance of closing down someone's business, they can then, at their leisure, use the principle you have implicitly adopted to force you into accepting its wider and wider use.

Once you have agreed in principle that it is all right to harm just *one* man in the name of helping the "community," you have lost and you cannot effectively object to anything done in the name of urban renewal. Inexorably the logic of your position will be extended to cover more people, more homes, and more businesses. And, once committed, you can only change your position by admitting your earlier error. Unfortunately, most people, particularly those who have committed themselves in public, are loathe to retract.

But to those that have not given in on principle, and to those who are willing to reconsider their position, the possibilities of successfully opposing any local project are surprisingly high. Virtually all urban renewal projects now in existence got there without the local citizens knowing very much about it; dimly aware that the proposed urban renewal program was somehow going to get rid of ugly old buildings and create new ones in their place, and being very busy with their own affairs, they casually condoned it.

Motives Are Suspect

Until now I have always given proponents of urban renewal the "benefit of the doubt," and have rarely questioned their motives or their morals. I have accepted their assertions that they are sincerely concerned about people, that their intentions are to improve the living conditions of the poor, and that the tragedy and suffering caused in the process were not foreseen by them.

But 17 years have now passed since the program started and everyone connected with it knows exactly how it works. The excuses have worn thin; the earnest assertions have lost validity, and the credibility gap in urban renewal is very wide. Increasingly, I find that my criticisms of the program draw the whining reply, "But the program was never *intended* to improve the housing conditions of the poor slum areas — the *real* purpose of urban renewal is to rebuild the city. It's not fair to blame *us* for what's happening." When pressed on what *is* happening to the displaced people, they either evade or retort revealingly, "Look, some people are always going to be hurt, that's the way it is."

The fact is that every intelligent, knowledgeable proponent of urban renewal is willing to deliberately hurt innocent people, most

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of them Negro and poor, for the sake of contemplating and enjoying a few new bricks, a little grass, and some shiny glass. They will protest that they don't like to do it, that they are trying to ease the pain as much as possible, that they wish there was something else they could do – *but they will do it.*

Too much is now known about urban renewal to make allowances; the proponents know what they are doing, and we should take their actions at face value. Perhaps it would be wise to recall an old legal maxim, *acta exteriora indicant interiora secreta* (outward acts show the inward intent).

Increasing Resistance

More and more people are becoming very concerned with the consequences of the urban renewal program, and many of them are speaking out. On April 14, 1966 members of the United States Commission on Civil Rights investigated Cleveland, Ohio, and charged that urban renewal and other Federal programs were major *causes* of the despondency and decay that exist in one area there. The area, incidentally, was Hough, which later in 1966 was marked by brutal rioting.

One well-known member of the Commission, Rev. Theodore Hesburgh, the President of Notre Dame University, condemned the program as immoral. He was quoted in the *New York Times*[1] as saying, "In these Federal programs to rebuild the cities what has happened is that people in the worst condition find their houses bulldozed from under them. *The total program is immoral.*" [My italics]

Urban renewal is a vast program, and it is sometimes difficult to understand its impact on a single person's life. I have included below some excerpts from one of the many hundreds of letters I received since the publication of the book. This particular letter was sent to President Johnson, and I received a carbon:

March 28, 1965

My dear President Johnson:

The Federal government seems to be taking a firm stand in defending the human dignity and the human rights of American citizens in most areas of "the Great Society," but I have yet to hear anything about the dignity and rights of the small homeowner whose property lies in the way of urban renewal and who consequently is being victimized, destroyed even, by an immoral concept of the law of eminent domain.

I am a school teacher with a ninety-two-year-old father who is dependent on me. Dad was ninety-two last February 25. Since he is crippled,

[1] *New York Times*, April 5, 1966.

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The main issue before us is not how to help a person who has been hurt by urban renewal, nor is it to figure out ways by which his pain can be alleviated—it is to determine how this pain can be avoided.

having sustained a broken hip just two years and nine months ago, and is blind of glaucoma . . . he cannot be left alone while I am at work. The only reason I can afford to give him the nursing care he requires is that we own our home here . . . *free and clear.*

The city wants this house in which Dad has lived for forty years and more. Or rather the university wants it and, under the guise of the law of eminent domain, is demanding it. For nearly five years now since the whole idea of urban renewal was conceived, it has seemed to me that I have been living in the U.S.S.R. rather than in the U.S.A. I have been harassed and terrified both at home and at work by telephone calls and threats including a court summons from City Hall because I refuse to admit anyone who threatens this home which my father has provided for himself through his own industry against the old age and infirmity of which he is now a victim. At one time, my attorney, whose aid I had to enlist, had all he could do to prevent City Hall authorities from sending a police wagon to my school to haul me off to court. . . .

In addition to all this harassment and persecution by City Hall in the last five years, we have been subjected to the noise and filth of the demolition of six to eight houses directly across the narrow street from our home, and we have been terrified and terrorized by all the vandalism and hoodlumism that accompany a demolition. Now a university parking lot has been completed on the site of the demolished homes. We endured that, too. Temporarily we are having a little respite from the noise and dirt and confusion of tearing down and rebuilding, but the harassment and persecution by City Hall have resumed. I am stalked periodically in my own driveway when I get home from work by so-called "inspectors" who demand entrance into my house. So far I have been able to keep them out. Mimeographed notices from "your relocation counselors" have been shoved under my front door, ordering me to call such and such a number or else.

Now I ask you, Mr. President, what do I, a teacher of more years than I care to say, a . . . University graduate, a Phi Beta Kappa (judging from some recent appointments of yours you seem to set great store by these

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No government program should exist that threatens the life, the liberty, or the property of any person.

letters), with a year's graduate work at Yale University, need with a relocation counselor? Just because I am poor by your standards does not mean that I am an idiot. Nor do I appreciate it when your aforementioned City Hall officials add insult to injury by suggesting that for $12,500 they feel justified in uprooting an old man from his home and in destroying a way of life for his daughter.

I just want my rights and my dignity recognized. . . .

Avoiding the Damage

If we are concerned sincerely with the well-being of individuals, the main issue before us is not how to help a person who has been hurt by urban renewal, nor is it to figure out ways by which his pain can be alleviated – it is to determine how this pain can be avoided.

All other questions, such as – How can home owners and small businessmen participate in so-called renewed areas? Should displaced people get increased Federal aid? How can people be forcibly displaced with the least suffering? – stem from the implicit acceptance of the idea that there is nothing wrong with forcibly pushing people around in the first place.

Anyone who is for an urban renewal program must also be for, at the same time:

- The forcible displacement of millions of citizens from their homes.
- The seizure of one man's private property for some other man's private use.
- The destruction of hundreds of thousands of low-rent homes.
- The spending of billions of dollars of the taxpayers' money.

This kind of a program is not logical, it is not practical, and it is not moral. For no government program should exist that threatens the life, the liberty, or the property of *any* person. No person, no matter who he is, should be sacrificed for the esthetic pleasure or personal gain of anyone, no matter how educated, how rich, or how powerful. ◈

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The Effect of Liberalism on the Campus

JOHN A. HOWARD

As the central government increases the range of activities which it plans or regulates and conducts or subsidizes, there is a corresponding decline in the initiative in the decision-making and in the acceptance of responsibility by lower levels of government, by private industry, and by individuals. This accelerating transfer of power and action is, in my opinion, grievously destructive of our form of government, our economic system, and the character of our citizenry.

There are many agencies working in behalf of this transfer of responsibility to the central government, but probably the most influential is the academic community as it conditions the thinking of the younger generations and as its prevailing attitudes are extended through speeches, articles, and consulting services.

It seems to me that those who are concerned with the erosion of individual initiative and the growing limitations on private enterprise need to turn their attentions to the colleges and universities as a prime generating force of collectivism.

These attentions need to follow several paths. First, there should be a careful analysis of the accuracy of the present assertions. Second, to the extent that institutions of higher learning are heavily weighted or wholly dominated by a philosophy of public as opposed to private responsibility, a concerted effort should be made

Dr. Howard is President of Rockford (Illinois) College. This article is reprinted by permission from *New York State Taxpayer*, January, 1967.

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to persuade such institutions to appoint to the faculty and in other ways bring into the educational process, people who have faith in the powers and the consequences of private initiative. Third, those few colleges and universities where the voices of individual responsibility are forthright and public should be provided with the financial resources to become at least as powerful as their sister institutions which are militant factors for collectivism.

How Private Enterprise Encourages Collectivism

It is a great irony that individuals and corporations whose incomes are earned through the private enterprise system continue to support colleges and universities which are in fact, if not in intent, undermining that economic system. On many campuses, the attitude prevails that profit is a dirty word.

The irony is compounded because it has taken generations to bring educational donors to a recognition that the effectiveness of the educational process depends upon the freedom of the academic staff to conduct their work free of pressures from the donors. The introduction of massive Federal funds on the campus has radically changed this circumstance. The Federal government exerts an enormous influence on the educational process. In many ways, the government serves its own ends and adds to the pro-government, anti-private-initiative bias on campus.

The Federal involvement in education has reached such proportions that it is unlikely that a major university can, without sacrifice, select a president who does not have extensive personal contacts with Washington officials and who does not maintain their friendly confidence.

In the present situation, the few institutions that do stand on the principles of individual responsibility are allies of the most critical importance to those who would preserve private initiative. ◈

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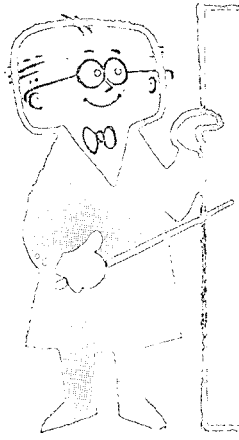

The Dispensation of Teaching

MAX S. MARSHALL

IT IS TIME to review all usage of drugs, not just a few which are popularly discussed or those used by physicians. Notables continue to advocate the use of drugs, a bias to which many undrugged persons object. Along with increasing numbers of products which affect the mind, a schism is developing.

Eve was invented a long time ago. If you doubt that she affects the mind, you may be in for an argument from a lot of advertisers and makers of movies. Alcohol goes a long way back in history, too. It is one of the few survivals which ultrasophisticated modernists do not scorn because of its antiquity. Athletic events, symphonies, and parties are drugs to many persons. These examples suggest that a preliminary survey of drugs on a scale broader than usual is essential if we are to reappraise the whole matter in search of a little undrugged sanity. Let me cite an important example.

A drug with which society is tremendously preoccupied is called *Teaching*, the trade name of a drug extracted from members of the botanical genus, *Paedagogus*. A glance at that segmented tax dollar that appears in the papers annually will show the huge size

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of the sector which goes to schools. Vast sums which are not part of the labeled tax dollar also go to schools. The nearest rival in popular usage is alcohol, but *Teaching* comes first on my list of drugs.

A drug is a substance used deliberately to affect the physiology, including the mind. That is why Eve and *Teaching* both qualify. Eve operates out of pure deviltry, but *Teaching* is purchased with tax monies in countless case lots to use on whole groups of minors. The grip that drugs have on us and our rationalizations of their use are equally shocking.

Teaching is purposely bought to affect the minds of those who take it. Its toxic effects are many and uncertain. It is hallucinogenic, and can produce a lasting euphoria, though usually this effect ceases soon after the next examination. *Teaching* is frequently used in heavy overdoses, for control of the dosage is notoriously difficult.

Furthermore, the popularity of *Teaching* attests to the fact that it is habit-forming. Though newcomers to this drug are likely to show marked resistance to its use, when taken they are more than ordinarily susceptible to its effects. Later users become so addicted that they expect everything to be dispensed in courses in schools.

There is much talk about drug addiction in the form of adult education. Seriously afflicted addicts are always enrolling under a teacher somewhere. Even tough industries and businesses have been so infiltrated by users of this drug that they call for ever-increasing amounts of it for those they hire. Employees are even urged to go back now and then for more be-ins with the drug.

Unnoticed in the face of the dramatic and less subtle use of alcohol, this shocking adulation of a drug deserves a careful study. Space permits no more than a suggestion of what is needed.

Research Possibilities

The first move should be a matter of public relations, for *Teaching*, though one of our most common drugs, is not yet recognized as such. Since it pours funds willingly into all phases of schools, no doubt a grant could be secured from the government for this task.

Pharmacologic studies come next. Such studies consider the nature of the drug, its physiologic effects under different dosages, including its toxicity and the lethal dose, and the mechanism whereby the effects are produced. All these are directly applicable to the drug, *Teaching*. Our interest in drugs is primarily in connection with man, so we have to distinguish

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carefully between beneficial doses and toxic or lethal doses. Such ranges exist for virtually all drugs.

Applying the principles of study specifically to *Teaching*, three problems dominate. First, the distinction between beneficial and toxic dosages is precarious, not sharp as it is with alcohol, for example, though debates about beneficial doses of alcohol have also been known to occur. Second, as with all hallucinogenic drugs, the toxic doses offer special difficulties because effects on the mind are measured primarily by behavior, an uncertain and complex yardstick. Third, the mechanism of action is obscure, as it is with many drugs.

Sociologists will be quick to underscore a fourth problem, and well they might. They are concerned over the effect of any drug on society, and all of them, *Teaching* included, have such effects.

Earlier Experiments

A few illustrations may help to illustrate the need for a complete investigation. Consider the manner by which Hitler and other dictators have used *Teaching*. Whole nations of youth were deliberately given toxic doses, that their minds would perform in accordance with someone's wishes. Similar usages exist today. Under the same sort of influence, the drug is also used outside of schools, in all forms of propaganda from nationalism to notionalism, in politics, in advertising, in merchandizing, in administration, and wherever one person or group wants to impose the chosen desires or ways on others.

Recently an eminent spokesman for a large educational organization advocated that teachers take a greater part in politics, thus deliberately pushing the use of this drug, *Teaching*, into the realm of toxicity and habit. Teachers, who administer *Teaching* as licensed practitioners, like the rest of us have religious and political beliefs and also preferences in bridge partners and in salads, but the deliberate use of position to foist these preferences on others is an almost fiendish use of the drug. If doses called beneficial mean anything, they imply that those who partake are given a basis for their own judgment, not fed doses which make them passive.

The advocates of such dosages are so evidently operating on the belief that they are entitled to dominate others that the toxic levels used would seem to be conspicuous, but the danger passes unseen. This air of special wisdom is especially evident among some

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of the men who are employed as drug-dispensers of political science. Instead of requiring that they either dispense beneficial doses impartially or that they step entirely out of the scholarly roles they claim, they are allowed to step into the open and campaign for their special choices, thus dispensing toxic doses of *Teaching* indiscriminately to the unprepared and unwarned.

We might suppose that teachers who dispense small doses of *Teaching*, perhaps that three and two are five, or that assorted squiggles can be used to represent the oomphs and gurgles we use to convey messages and ideas to one another, might never border on the dangers of toxicity. To accept this supposition too literally gives a false sense of security.

Forming the Habit

Whereas a number of modest doses of *Teaching*, like vitamins, are necessary for full development, a careful study will show that no *Teaching* can be administered without some risks from the drug. Among those with allergy, even death may occur. Both by definition and by act a teacher imposes his or her will on the taker of the drug, a process which upsets the mental activities of the victim. To be sure, strong minds will accept the benefits without loss of independent operation, but by no means all minds among the takers are strong. Since strong minds exist also among the dispensers of *Teaching*, domination and acceptance on a passive basis is a notably common occurrence. *Teaching* then reaches excesses and may become a habit.

We face a drug which, though it is necessary to prevent a sort of mental beriberi, is subjected with many other drugs to tremendous exploitation and excessive usage, with all the claims, self-pity, and rationalizations that account for the sale of more than half the pills in the nearest drug store. A drug notably low in its threshold of toxicity, with definite habit-forming proclivities and with a grave social menace, can call for only one reasonable course of procedure.

Teaching is a dangerous drug, but it is essential. Though strictly a hallucinogenic drug, affecting the mind, the mind does control our acts. With a low threshold of toxicity, the drug has widespread social connotations. It is a drug which is in some degree used almost universally, but which is concentrated in schools more than elsewhere.

In schools and on campuses, dispensers of this drug carry licenses from society, in the form of employment and titles. The more ad-

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vanced the title, the more dangerous the drug, potentially and too often in fact. Professors attain a feeling that whatever they dispense is for that sufficient reason beneficial. This supposition is verified by ample evidence, most simply by the fact that professors disagree among themselves more than most groups, thus proving that the dosages prescribed by any one of them needs at least some counterbalance. In itself, the assumption of such wisdom should warn society sharply into action.

Protective Labeling and Licensing May Be in Order

Studies of the drug, *Teaching*, are certain to lead to the conclusion that our practitioners who prescribe so much of this drug, our teachers, need to be kept under careful surveillance. The idea that this drug increases its benefits the more it is taken is as false with *Teaching* as it is with aspirin or sleeping pills. Beneficial doses lead to independent operation, without the drug. Otherwise the drug is too heavy and the user becomes a passive addict, a social pawn, a slave to his political party, a puppet in his religion instead of a believer, a subscriber equally to charity and to the wiles of the con man, and a swallower of all statements positively put.

Heretofore not clearly labeled as a dangerous drug, this drug warrants open criticism, warning, and action. Its use must be held at a low level with special care to balance the enthusiasm of doctors who prescribe the drug, the indoctrinators of the classrooms, for every form of *Teaching*, however mild, consists of the administration of a hallucinogenic drug.

Once this idea is exposed, then every form of the drug, *Teaching*, outside of schools and campuses as well as inside, quite properly will meet with some resistance. Those who partake of only beneficial doses of this drug become judicial and to that degree skeptical, preserving their own minds in good order to make reasoned decisions. They drive carefully. Only such persons can be called educated persons.

Come to think of it, since the presentation of any idea is a form of teaching, these words contain some of the drug. Consider them to be equivalent to the warning message on a pack of cigarettes, except that the danger is notably more serious as a risk. ◈

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A SEARCH FOR REASON

JEROME TUCCILLE

IN AN AGE when rioting, hunger, racial warfare, exploding population, crippling strikes, and general disorder have become the rule rather than the exception, it is a curious thing to consider that the responsibility for these destructive social diseases is most frequently attributed to a single universal scapegoat: the capitalistic system. It becomes even more curious when we consider that these accusations are made daily, not only by the political leaders in Moscow, Peking, Havana, and Eastern Europe, but by most of the leading officials right here in the United States. We have accepted the basic premises of those who would destroy free enterprise all over the world and, instead of refuting their arguments with logical philosophical convictions of our own, we proceed to apologize for our wealth and explain that we really are getting more "progressive" every day and intend to share our prosperity with the "underprivileged" of the world.

When we are told that millions are starving in India while we "selfishly" enjoy our automobiles, refrigerators filled with food, private homes, and other luxuries, what do we reply? Do we say that these people are victims of a crippling religious heritage that can be traced back to the Stone Age, a philosophical tradition that teaches them to hate the world and withdraw from it, and that starvation is the logical end of such a heritage? We do not. We accept the premises of our accusers, apologize for our prosperity *as if it were at the expense of those who are going hungry,* and export

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tons of food instead of *ideas* which are most urgently required.

When we are told that capitalists are greedy moneygrabbers who exploit the poor, do we reply that in nineteenth century America the industrial revolution brought forth more enlightenment, advancement, individual freedom, and economic prosperity than the world had ever known before? Do we say that without the industrialists, the men who built factories and offices and created jobs for others, the average worker would be forced to waste his labor grinding wheat or hammering out horseshoes as he had for centuries past? We do not. We tell the world that we intend to police the greedy tendencies of the capitalist, handcuff him with government regulations, and tax him out of business.

When we are told that the unemployed demand a guaranteed income, do we ask *whose* income they wish to have guaranteed to them? Do we reply that welfare is not a career or a way of life, but rather a temporary expedient to enable the unemployed to live until they find a job? Do we reply that wealth is created by a producer and belongs by right to the man who created it, not to someone else who *demands* it because of some temporary need? We do not. We ask instead *how much* should we guarantee and what is the most efficient way of raising it, without giving a thought to the producers who are victimized by such a system.

When we are told that our cities are getting too crowded, do we reply that people have no right to bear children they cannot afford to feed? We do not. We offer bonuses to parents with illegitimate children and are talking now about living allowances based on the size of the family. In other words, we complain about the population on one hand, and then reward large families on the other. This is an example of Orwellian doublethink at its most ludicrous level. On overcrowded Manhattan island the politicians respond to the problem of overpopulation by creating one of the most attractive welfare systems in existence anywhere—and then wonder why they have so many hungry people to feed. They allow men who make their careers in welfare (a career which depends upon the hunger and helplessness of others for its very existence) to make crucial decisions. Do they actually expect these people to make decisions which would eliminate *their own* jobs?

When we are told that capitalists are responsible for the wretched condition of the Negro in America today, do we tell our

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accusers to check their basic arguments? Do we tell them that it is not capitalism that has exploited the Negro, but rather those who deny the benefits of capitalism to the Negro who are most responsible? We do not. We shake our heads guiltily, accepting the premises of those who would destroy free enterprise and replace it with communism, socialism, or the welfare state. In other words, we give sanction to those who seek to destroy us.

When those who advocate free enterprise, individual self-reliance, and limited government are maligned as "right wingers," do we reply that a philosophy of freedom has no more in common with the extreme right than it does with the extreme left? Do we explain that autocratic government is just as evil whether it is run by a Hitler or a Stalin? We do not. We accept the definition, thereby giving respectability to those who wish to identify capitalism and free enterprise in the same category as fascism and neo-nazism.

It is becoming increasingly more apparent that a philosophy of the left (in all its shadings, from communism to the welfare state to the "mixed economy" concept) can only be successfully fought by a positive philosophy of freedom. Ideas must be fought with other ideas, not emotions. It is not enough to know *what* one believes in, it is equally important to know *why* one holds certain convictions. An attack against a position is best met by a strong counterattack, whether the battle is one of physical force or the force of opposing philosophical and economic ideologies.

Clearly, it is time for each one of us to examine basic premises. It is time to re-examine our convictions and delve into the underlying reasons for them. Most of us know what our opinions are; it is just as important to discover where these opinions came from, what are the fundamental moral and philosophical premises on which they are based. It is time to stop fighting a defensive battle against leftist ideologies and turn the tide back with a strong show of clear, rational, carefully considered ideas. ◈

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Worth Through Work

WHITING WILLIAMS, the author of a challenging and charming book which bears the somewhat enigmatic title of *America's Mainspring and the Great Society* (Frederick Fell, $5.00), is eighty-nine years old, which, for a publishing writer, must constitute a record of sorts. Far from succumbing to normal octogenarian garrulity, Mr. Williams is a gaffer who distills wisdom. In his younger days, as a nonacademic sociologist, Mr. Williams used to spend a good part of his time disguised as a common laborer. He worked in coal mines in Pennsylvania, Wales, the Saar, and elsewhere; in steel mills here and in Britain; and in railroad yards and along the docks. During the depression of the thirties he camped out in flophouses. His effort, everywhere, was to find out what the working man and the "underprivileged" really thought.

What he learned is that most men, if uncorrupted, have an innate desire for "worth through work." People want money, of course. But even more important than money is self-esteem. Mr. Williams discovered this in the most unlikely places; even the Skid Rows in which he lived had their hierarchies of worth, reserving the name of "Scissorbill" for bums who were completely unproductive. The hobo, so Mr. Williams learned, rates himself above the tramp; the tramp in turn considers himself above the scissorbill. "We 'boes," so the Secretary of the Hoboes Union told Whiting Williams, "are migratory workers, itinerant laborers! If we don't hop from the Northwest lumber camp in the winter down to the Oklahoma wheat fields in the summer – and get there on time, mind you—w'y, crops go to waste . . . So we 'boes have to take the train – 'thout

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payin' no fare, of course. But a tramp! . . . He walks from job to job — 'cause he don't give a damn whether he gets there or not . . . But don't never take a tramp for a bum! He neither rides, nor walks, nor works! He's a no-good complete."

Investigating life among the bums who were lower than the tramps, Mr. Williams found the need for esteem struggling to keep itself alive even at the very bottom of society. For example, no really self-respecting bum would ask for his portion of mulligan stew without contributing a single sandwich to the collective dish.

A Timely Message

Since Mr. Williams' experience dates back to pre-Great Society days, his description of "America's mainspring" as the "wish for worth through work" might seem outmoded in its substance. He himself recognizes that he may have written a book about the American world as it used to be. But the Great Society is, actually, merely a continuation of the New Deal, and Mr. Williams saw in the thirties how the "mainspring" of seeking "worth through work" could be badly bent by the practice of giving government relief to people without requiring them to do anything to earn it. Men, so Mr. Williams insists, are not born to be "scissorbills." But, as he says, "we also know this – how easily we can become scissorbills!" All that is necessary is "to adopt the bum's scapegoats and false reasoning for side-stepping responsibility while adjusting to the crisis' challenge instead of mastering it." Mr. Williams fears "the welfare state's increasingly generous gifts," not because he likes to see people hungry, but because he knows the story of the Florida coast town where, after the shrimp boats had taken their operations elsewhere, the seagulls were found to be starving because they have forgotten how to live off fish.

Lessons from the Marshall Plan

Though Mr. Williams hasn't investigated life in the so-called ghettoes in the nineteen sixties, the relevance of his book to the contemporary situation is obvious. A government can't encourage "expectations" and expect quiescence. If the expectations aren't related to the opportunity for work, the multiplication of scissorbills will soon defeat the effort to combat poverty through government programs. We are now hearing about the necessity for a "Marshall Plan" for the American cities. But if a "Marshall Plan" is only money, it merely delays the time for a final reckoning.

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Money, if it inhibits the growth of the self-help philosophy, is worse than useless.

Some of Mr. Williams' experience dates back to the period of the Marshall Plan in Europe. The money we exported immediately after World War II moved into a community where skills were waiting to be put to work. But Mr. Williams finds the export of needed funds to Europe was less significant than "the export of our unique respect – indeed our reverence – for productive usefulness." In the ancient feudal Europe, it was only through politics, not useful work, that a commoner could hope to rise. This tradition had hung on in Europe up to World War II. "Even in France and Britain," so Mr. Williams writes, "the aspiring commoner has long had to seek distinction less by the ladder of work than of politics." The sight of America's "economic missionaries," even those with advanced university or technical degrees, working with their hands had more effect on Europe than the Marshall Plan money. And to the extent that the Peace Corps is effective, it is through this spectacle of willingness to tackle jobs.

In Saudi Arabia, Mr. Williams notes, our engineer-managers have had trouble explaining the facts of industrial life to people who have considered that work is for slaves. But when desert nomads are turned into skilled drillers, refiners, and transporters of oil, "the dynamics of expectation" are transformed. Commoners discover they can hope to "climb to honor" through useful work as well as through politics.

The worst thing about the Great Society is the way it has increased the growth of self-pity. This is at the crux of Mr. Williams' worries about our future. The older America which he knew, whether it was the America of coal mines and steel mills or the America of flophouses, indulged very little in "the sin of self-pity."

The Road Back to Self-Respect

How are we to get "America's Mainspring" to working again? Mr. Williams lists the obstacles that stand in the way of a return to the older verities. He fears that in the Great Society "more recognition and honor will go to elected managers as the distributors of gifts and less to the producers of goods and services." And, since "leaders dependent on votes" prefer to deal less with individuals than with manageable groups such as "farmers, wage-earners, the sick, the elderly, or whatever," the individual's work-based "Expectation Quotient" will be sacrificed to his "collective security—or, as in Europe, to his

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political career." Relief appropriations, so Mr. Williams observes, must be handled with almost supernatural wisdom or they end up by discouraging industrial productivity as "smart group wangling" takes over. The welfare state tends to cannibalistic consumption of its own taxpayers. Meanwhile, since the incumbent officials are in a position to promise most, the tendency is toward perpetuation of one-party government. This one-party government, finding it more and more difficult to raise taxes, goes in for perpetual inflation. To preserve its sovereignty against increasingly "dangerous" criticism as the inflation strikes home, government is then tempted to expand its control over communications and opinion.

And so we go to perdition. Mr. Williams is reminded of the kind-hearted man who, when his dog begged a bite of meat during a terrible famine, gave the animal a juicy slice of its own tail. This is what the welfare state comes to in the end, once the "mainspring" of "worth through work" has been snapped. ◈

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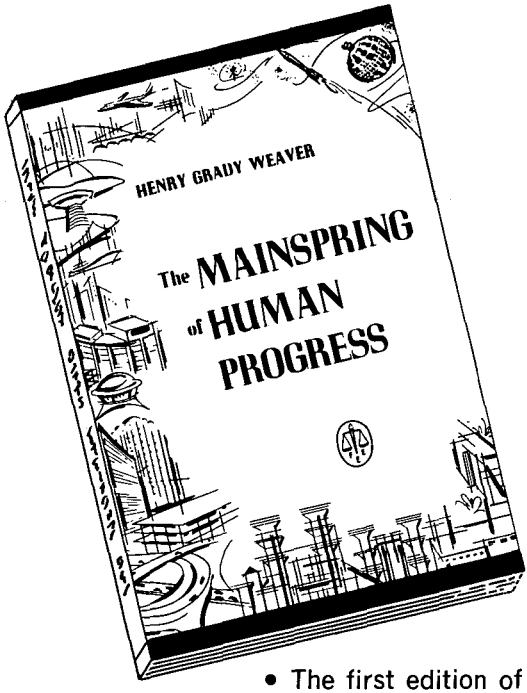

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■ However sympathetic we may feel toward those who say that the way to determine the fairness or validity of a law is to violate it or disobey it, nevertheless, I must conclude that a society in which each of us, or any one of us is free to choose whatever law or laws he will obey is a society destined to chaos, leaving no possibility for survival of the ideal of equal opportunity and equality before the law which we so earnestly profess.

KARL C. WILLIAMS, Chairman of the Board of Trustees, Rockford College

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